



FUNDING WATCH

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The Search for Public Health Funding: De-Mystifying the Process (*Revised*)

(Final Part of a Series)

This is the fourth and final part of a multi-part series on funding research. During the past few months, the Texas Department of Health Funding Information Center explored the “phenomenon” of funding research. The series was intended to de-mystify the funding research process and guide you on your quest for funding. We shared with you our experiences and insights. This month’s issue focuses on corporate funding research. Previous issues dealt with federal, state, and foundation funding research.

Several reference publications have been mentioned during the course of this series, most of which can be found at the TDH Funding Information Center. We encourage you to stop by the Funding Information Center when you are in Austin so that you may personally review these resources. The Funding Information Center is located within the agency’s Library, Tower Building, Room T-404 (4th Floor), 1100 W. 49th Street, Austin. Our hours are Monday-Friday, 7:30 am - 6:00 pm.

We hope this funding research series has been enlightening and will assist you on your quest for funding.

Part 4: Corporate Funding Research

Corporate funding, for our purposes, ranges from a large corporation giving a \$10,000 contribution to a local mom-and-pop business placing a donation canister near their cash register. All involve a profit-making enterprise supporting, what they consider to be, worthwhile causes or projects.

And who are the corporate funders? Those involved in corporate philanthropy include anyone who has a business no matter how large or small, including pharmaceutical companies, banks, insurance companies, professional firms, computer companies, gas companies, supermarkets, drug stores, copy centers, restaurants, hair salons, and many more.

Some things to keep in mind about the corporate funding arena are:

- > Companies give much more than financial support. Corporations may offer product donations, employee volunteers, meeting space, etc.
- > Outright financial support from corporations tends to be smaller than foundation, federal, or state sources. Less than 10 percent of corporations award gifts of over \$500 per year. Overall, corporations only gave 4.3 percent (\$9 billion) of all funds awarded in 2001.

- > Although there is a tax incentive for corporate philanthropy, most companies give less than the Internal Revenue Service allows or don't give at all. Of the more than 24.4 million corporations in the United States, only about 35 percent make tax-deductible contributions.
- > Corporations are often motivated to give by their own economic interests and enhancing their corporate image. In evaluating where to give support, they must consider the interests of their shareholders, customers, employees, and most of all, their bottom line. Corporations generally shy away from supporting controversial organizations and projects.
- > Corporations give locally where they are headquartered or have operating locations.
- > Hands-on involvement in your project may accompany corporate support. These "strings" can be a great advantage for some recipients but may be seen as intrusive by others.
- > To claim tax deductions, businesses must restrict their financial support to 501(c)(3) nonprofit organizations.
- > Corporations like to be publicly recognized for their philanthropy. Charitable giving, after all, is free (tax deductible) advertising. Consider how closely your organization would like to be aligned with a company's corporate practices and products.
- > Once funded by a corporation, ongoing support is more likely. Know what companies have contributed to your organization in the past and the outcome of that relationship.
- > With the exception of corporate foundations, corporations are under no obligation to provide information to the public, or even to their stockholders, on their charitable activities. This lack of public information can make identification of potential corporate supporters more difficult.
- > Since most corporations are less accountable for their giving decisions, personal contacts can play a very important role.
- > Corporate funders, like most funders, are looking to support collaborative programs involving the joint efforts of several organizations.

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This four-part publication can be downloaded from the FIC website at: <http://www.tdh.state.tx.us/fic/pubs.htm>. Copies can also be requested using the contact information above.

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- > Corporations most often support projects providing services that benefit their employees and educational programs in fields related to their product. Companies “invest” money; they do not give money away. Overall, most corporate philanthropy seeks to improve the quality of life within their areas of operation. If a project does not promise a good return on the investment, such as good health care for employees which will in turn decrease sick time and increase productivity, the company will not fund it.

Types of Corporate Giving

Corporate support is not limited to monetary help and may fall into one of the following categories:

♦ **Corporate Foundation Grants.**

Corporate foundations are very similar to other private foundations. They must make their annual 990-PF federal tax form public and they must give away at least five percent of their assets each year. But unlike other foundations, corporate foundations maintain a close relationship with their parent corporation. Funding flows from the corporation, giving reflects company interests, and foundation boards tend to consist almost exclusively of company officers. Most often, corporate foundations are named for their corporations, such as the Texas Instruments Foundation in Dallas. Corporations generally award cash grants through their foundations, but may also offer a corporate giving program. The grant process is the same as with regular private foundations.

♦ **Corporate Giving Programs.** These grantmaking programs are established and administered within a profit-making company. Unlike corporate foundations, corporate giving programs do not have a separate endowment and their activities are more closely tied to current profits. Companies usually establish a contributions budget each year but they are not required to give away a certain amount or publicly disclose information about their direct giving programs.

By law, corporations may deduct up to 10 percent of their pretax income for charitable contributions. Corporations may have both a corporate foundation and a corporate giving program. For example, Target Stores give through the Target Foundation and the Target Stores Inc. Corporate Giving Program. Gifts from corporate giving programs may include checks for fundraising tickets, a donated percentage of product sales, corporate sponsorship of a special event, general support contributions (usually given to established agencies), programmatic grants for specific projects (corporations with defined philanthropic objectives prefer these grants), etc. In larger corporations, field committees may first review requests or make funding decisions up to a certain amount.

♦ **Corporate Contracts.** Contracts between nonprofit organizations and corporations are becoming more popular. Corporate contracts work much like government contracts except the application procedures are very unstructured. A project is funded with operating funds instead of the money set aside for corporate contributions in exchange for a service or good that can be claimed as research, testing, or marketing. Some contracts are marketing agreements or business ventures. While not tax-deductible, they are an extension of the “this-for-that” principle that is characteristic of the corporate grant. Contracts are not subject to public information laws and, therefore, it is unknown what amount of money is distributed in this manner.



♦ **Matching Employee Donations.** A corporation with such a program matches the contributions of its employees to certain types of organizations, sometimes from a pre-selected list. Many companies match dollar for dollar up to a set figure. For most nonprofits, the matching gifts concept is still a very exclusive club. Keep in mind that United Way relies heavily on corporate support through its annual campaign. Some companies will allow charitable solicitation of their employees, even if a corporate match is not provided.

Permission may be given to solicit contributions on premises, sell fundraiser tickets to employees, allow payroll deduction contributions, set up an information booth on premises, or advertise in a corporate newsletter.

♦ **In-Kind Gifts or Corporate Sponsorship/Underwriting.** In-kind gifts include products, equipment, facilities, and services donated by companies. This non-monetary support offers tremendous opportunities for nonprofit organizations... and the gifts from inventory generate some tax benefits for corporations as well as advertising. Small businesses as well as large corporations are possible sources of in-kind gifts. The key is in knowing how to get what you need, not just what the company wants to get rid of.

Here are a few examples of in-kind gifts to stimulate your creativity:

Products for your agency/clients, such as fax machines or personal care products;

Products or services to use as door prizes, such as restaurant meals, movie tickets, floral arrangements, or compact disc players;

Used or excess equipment and supplies, such as computers, furniture, copier paper, or a vehicle;

Services, such as public relations assistance, printing, accounting services, or maintaining mailing lists on a computer;

Use of facilities or equipment, such as meeting rooms, audiovisual equipment, or postage meter; and

Cooperative purchasing of supplies, equipment, or advertising to provide greater discounts.

Corporate sponsorship or underwriting may include any of the above items as well as monetary support. The company makes a contribution to help offset the costs of a nonprofit event or project in exchange for being named in any advertising or other agreed upon exchange.

♦ **Employee Volunteering.** Corporate volunteerism also offers significant opportunities to nonprofit organizations. Companies may offer pro bono consultants, suggestions of board members from their staff, and ongoing volunteers. Some corporations offer time-release incentive programs to encourage employees to volunteer. Others may financially support community organizations in which an employee is a volunteer. Yet another option is loaned executive programs, including retired executive programs. In these programs, an employee is released to work full time with a nonprofit organization or community group for periods up to one year while receiving full pay from the corporation. For obvious reasons, the number of executives available is limited and competition is stiff.



Corporate Research Sources

In researching corporations, it is important to learn as much as possible about their products, interests, financial status, programs, donations, etc. Like foundations, you are trying to match your needs with their interests and then describe that link when you approach them.

Keep in mind that corporate philanthropy is among the most provincial -- the closer your agency is to the corporation, the better your chances of funding. For this reason, your best search strategy for corporate funding begins at home. Here are some possible sources of local information:

Local chamber of commerce -- some publish directories of local corporations;

Local telephone directory -- provides good prospects for product donations;

Local newspaper(s) -- look for articles on local corporations and businesses and on company executives who are involved in some activity close to the interests of your organization;

Local stockbrokers and bankers -- they will know which area companies are doing particularly well; and

Other local agencies -- they may be willing to share information on their corporate supporters.

Another way to find out information on the public activities of a local company is to buy one or two shares of company stock. As a shareholder, you will receive information on parent companies, officers, dividends and more.

As mentioned in the third part of this series covering foundation funding research, there are several directories/databases that include information on *corporate foundations*. These include the following: *Guide to U.S. Foundations, Their Trustees, Officers and Donors, The Foundation Directory and*

Foundation Grants Index Databases; The Directory of Building and Equipment Grants; and The Directory of Computer and High Technology Grants

Beyond corporate foundations, the search for corporate funding using standard reference materials becomes more difficult. As mentioned previously, only corporate foundations are required to publicly provide information on their grantmaking activities. However, there are a few reference sources that provide information on some large *corporate giving programs*. The following directories are good starting points for your search and are part of the TDH Funding Information Center's reference collection.

The National Directory of Corporate Giving

This directory published by the Foundation Center profiles the major companies making contributions to nonprofit organizations. It profiles over 2,111 corporate foundations and 1,295 direct giving programs. The directory is arranged alphabetically by company name. Essential information includes application procedures, key personnel, types of support offered, limitations, financial data, and purpose and activity statements. Fully indexed. (*The Foundation Center, 79 Fifth Avenue, New York, NY, 10003-3076, (212) 620-4230. \$195*)

The Corporate Giving Directory

This Taft Group publication provides detailed descriptive profiles of over 1,000 of the top corporate charitable giving programs in the United States. Each company profiled makes annual contributions of at least \$200,000. Approximately fifty percent of these profiles cover direct giving programs. Entries include such information as sponsoring company information, how much they give, types of support, their priorities, where they give/operate, who runs the giving program, and recent grants. Particularly useful indices include companies by headquarters state and companies by operating location. (*The Taft Group, 27500 Drake Rd., Farmington Hills, MI 48331-3535, (800) 877-4253. \$523*)

Corporate Foundation Files

This 12th edition directory published by the Foundation Center contains detailed analytical profiles of the 181 company sponsored foundations that were profiled in the 2001/2002 edition of the Foundation 1000. Part II of the book contains information on those 1,312 company sponsored foundations with annual giving of \$66,000 or more based on 1998 through 2002 data. (*The Foundation Center, 79 Fifth Avenue, New York, NY, 10003-3076, (212) 620-4230. \$195*)

There are also several periodicals that provide information on corporate funding. The TDH Funding Information Center subscribes to the following and regularly scans each for pertinent information:

Chronicle of Philanthropy. \$69.50.
The Chronicle of Philanthropy, 255
23rd St, N.W., Washington, DC, 20037,
(202) 466-1200 or (800) 728-2819.

Corporate Giving Watch. \$149/yr.
The Taft Group, 27500 Drake Rd.,
Farmington Hills, MI 48331-3535,
(800) 877-8238.

Corporate Philanthropy Report. \$316/
yr. Aspen Publishers, Inc., 1185
Avenue of the Americas, New York,
NY 10036, (212) 597-0200.

*Foundation & Corporate Grants
Alert.* \$383/yr. Aspen Publishers, Inc.,
1185 Avenue of the Americas, New
York, NY 10036, (212) 597-0200.

Tax Forms & Annual Reports

For those corporations with a foundation, research is greatly simplified. These corporations must make their IRS form 990-PF public. The tax form lists trustees, assets, and grants by name and amount and can be accessed on the Foundation Center website or at one of the Foundation Center's 16 cooperating libraries in Texas. These sources were discussed in the third part of this series in the October issue of the *Funding Watch*. Another resource to look for is annual reports published by many large companies for their investors, employees and customers.

Personal Contacts

If you have been in fundraising for any length of time, you have probably heard the phrase, "people give to people." In the business world, that is particularly true because of the local focus of most companies.

Ideally, your relationship with a corporation or business should begin before you ask for support. This relationship could be through an employee who serves your organization as a board member or volunteer or the "who knows who" network of board members, volunteers, clients, and colleagues.

Whenever possible, it is best to make personal contact with a corporation first. Part of your homework on corporations will be to determine the appropriate contact person for the type of support you are seeking. The directories we have listed over the past few months list contacts as do annual reports. Contacts may be as varied as the human resources or marketing sections of a corporation. Another way to find out is to call them on the telephone or in writing. Try asking for the charitable contributions or public affairs section, if you cannot find any information in the directories.

Even though the reason for your call or visit may be to gather information, be prepared to present details on your proposal, including the amount requested and the amount given by other funders. Determine, in advance, how your programs may benefit or interest the target company. Be prepared to suggest other types of company assistance other than financial. This information should also be included in any introductory correspondence sent to the corporation.

One final word about corporate funding research... it is not an exact science. Even insiders, such as stockholders and employees, are not aware of their company's charitable activities. While the search for corporate funding may be more difficult because of the lack of public information, the rewards are great. Corporations and small businesses are one of your best forms of local support.

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FOUNDATION/CORPORATION INTERNET ADDRESSES

<http://www.att.com/foundation/>
Title: AT&T Foundation

<http://www.benton.org/home.html>
Title: Benton Foundation

<http://www.carnegie.org>
Title: Carnegie Corporation of New York

<http://globalfundforwomen.org>
Title: Global Fund for Women

<http://www.hogg.utexas.edu/hfweb/grantmaking/grants.html>
Title: The Hogg Foundation

<http://www.ibm.com/IBM/IBMGives/index.html>
Title: IBM

<http://www.ejaf.org>
Title: Elton John AIDS Foundation

<http://www.macfound.org/>
Title: John D. and Catherine T. MacArthur Foundation

<http://www.mfi.org>
Title: The Meadows Foundation

<http://www.monsanto.com/>
Title: Monsanto

<http://www.meaf.org/about.html>
Title: Mitsubishi Electric America Foundation

<http://www.rockfund.org>
Title: Rockefeller Brothers Fund

<http://www.sloan.org/>
Title: Alfred P. Sloan Foundation

<http://www.rwjf.org/index.jsp>
Title: Robert Wood Johnson Foundation